

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
AT NASHVILLE, TENNESSEE

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CONSUMER ADVOCATE DIVISION )

vs. )

BELLSOUTH TELECOMMUNICATIONS, )  
INC. )

Docket No. )

Tariff 99-00574 )

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ISSUES MATRIX

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BellSouth late payment charge.

Issues Matrix of BellSouth

1. Is BellSouth's proposed late payment charge a rate for a telecommunications service?

No. The proposed Late Payment is not a rate for any telecommunications service and will not result in an increase any local exchange telephone service rates. Customers will be billed the same rates for telecommunications services after the implementation of a Late Payment Charge as they were billed for those services before the implementation of the Late Payment Charge, and if they pay their bills on time, they will never be affected by the Late Payment Charge. The Late Payment Charge will only affect customers who order services, receive the benefit of those services, and cause BellSouth to incur additional costs by failing to pay for those services on a timely basis.

2. Does BellSouth's proposed late payment charge constitute an increase in basic local exchange telephone services?

No. Please refer to BellSouth's response to Issue No. 1.

3. Is BellSouth's proposed late payment charge unjustly, unreasonably, unduly preferential or discriminatory?

No. Paying their phone bills by the due date can be difficult, if not impossible, for

many state agencies because in many cases, only specified state employees have the statutory authority to approve the payment of such bills. Similar statutory authority concerns are not present in the case of private persons or private entities.

4. Is BellSouth's proposed late payment charge just and reasonable?

Yes. It is a standard and accepted practice for mortgage companies, health care providers, and other businesses to incent timely payment by collecting late payment charges. Like these other businesses, BellSouth reasonably incurs expenses in tracking, administering, and collecting payments from its customers after the payments are due. It is just and reasonable for BellSouth to collect costs associated with these late payments from the customers who cause BellSouth to incur these costs.

#### Issues Matrix of the Consumer Advocate Division

1. Do rates have meaning only when one knows the services and things which are provided at those rates?

Yes? Common sense and legal authority is consistent with this principle.

2. Before June 6, 1995 did rates have meaning only when one knows the services and things which are provided at those rates?

See, position above.

3. After June 6, 1995 do rates have meaning only when one knows the services and things which are provided at those rates?

4. Is the principle that rates have meaning only when one knows the services and things provided at those rates applicable to companies which apply for price regulation?

For issues 3 and 4 see the response at issue 1 above.

5. What services and things were provided at no additional charge or a recurring or nonrecurring charge with local basic exchange service before and on June 6, 1995?

a. The Consumer Advocate Division contends that a host of services and things were provided at no additional charge including, but not limited to, late payments, repair service, directory services, directories, complaint procedures, access to 911, access to long distance service, service connection, etc.

6. Was the economic cost to BellSouth for late payments considered and incorporated into the rates of BellSouth in effect prior to and on June 6, 1995?

a. Yes.

7. Was the economic benefit to consumers from late payments considered and incorporated into BellSouth's rates and charges in effect prior to and on June 6, 1995?

a. Yes.

8. Did compensation to BellSouth for late payments (and benefits to consumers) in effect prior to and on June 6, 1995 consider and incorporate, as recurring and nonrecurring charges, the charges associated with providing local basic exchange services?

a. Yes.

9. Would implementing a late payment charge be adding to or increasing recurring and nonrecurring charges for local basic exchange services?

a. Yes.

10. Did the General Assembly intend that the rates for local basic exchange services include both recurring and nonrecurring charges?

a. Yes. See, e.g. Tenn. Code Ann. § 65-5-208 (a)(1).

11. Did the General Assembly intend that recurring and nonrecurring charges associated with local basic exchange service be included in Tenn. Code Ann. § 65-5-208 (a)(1)?

a. Yes.

12. What is the specific source of authority which authorizes the Tennessee Regulatory Authority to increase rates for local basic exchange service?

a. None exists.

13. What is the specific source of authority which authorizes the Tennessee Regulatory Authority to increase recurring or nonrecurring charges associated with local basic exchange service?

a. None exists.

14. What is the specific source of authority which authorizes BellSouth to increase rates for local basic exchange service?

a. None exists.

15. What is the specific source of authority which authorizes the BellSouth to increase recurring or nonrecurring charges associated with local basic exchange service?

a. None exists.

16. What is the specific source of authority for BellSouth to charge consumers for items not associated with the provision of telecommunications service?

a. None exists.

17. What is the economic value of late payments to consumers?

a. Needs to be determined if case proceeds.

18. What was the economic value of late payments to consumers on June 6, 1995, December 1, 1998 and December 9, 1998?

a. Needs to be determined if case proceeds.

19. Did compensation to BellSouth by Tennessee consumers incorporate the economic value of late payments to consumers on June 6, 1995, December 1, 1998 and December 9, 1998?

a. Yes.

20. As a matter of law, was the compensation to BellSouth by Tennessee consumers for the economic value of late payments on June 6, 1995, December 1, 1998 and December 9, 1998 deemed just and reasonable?

a. Yes. See, e.g. Tenn. Code Ann. §§ 65-4-123; 65-5-208 (a); 65-5-209 and BellSouth v. Greer, 972 S.W.2d 663, 674-675, 682.

21. If the compensation to BellSouth for late payments on June 6, 1995, December 1, 1998 and December 9, 1998 are deemed just and reasonable what are the grounds or basis for increasing that compensation?

a. None exists.

22. If the compensation to BellSouth by Tennessee consumers for the economic value of late payments to consumers on June 6, 1995, December 1, 1998 and December 9, 1998 was deemed just and reasonable, are increases to that compensation without offsetting adjustments unjust and unreasonable?

a. Yes.

23. When the General Assembly provided specific instances in which the Tennessee Regulatory Authority is authorized to set rates after a company applies for price regulation, would the Tennessee Regulatory Authority exceed its statutory authority if it sets rates in other instances?

a. Yes.

24. Is the doctrine of laches applicable to BellSouth?

a. Yes.

25. Is the doctrine of waiver applicable to BellSouth?

a. Yes.

26. Did BellSouth have the opportunity to seek a contested case to set its initial rates under a price regulation plan?

a. Yes.

27. If BellSouth had the opportunity to ask the Tennessee Regulatory Authority to set its initial rates during its application for price regulation but did not, has the company waived or is it estopped by laches from now changing rates associated with local basic exchange service?

a. Yes, changes in rates now would result in an increase in the local basic exchange service rate.

28. Will Tennessee consumers be prejudiced if BellSouth is permitted to add to its compensation for late payments when compensation to the company is already encompassed in BellSouth's rates?

a. Yes.

29. When compensation to BellSouth exceeds a just, reasonable and affordable amount is BellSouth prohibited from increasing its rates?

a. Yes.

30. What is the specific source of authority for BellSouth to charge Tennessee consumers for late payments made for the provision of services or things by other telecommunications service providers?

a. None exists.

31. Should BellSouth be estopped from asserting or alleging that its proposed late payment charges are not rates for telecommunications service?

a. Yes.

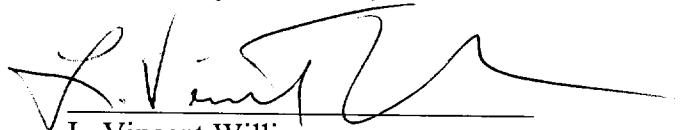
32. Does a price regulation plan authorize BellSouth to increase the rates of competing telecommunications service providers?

a. No.

33. Did the General Assembly set a rate for local basic exchange service which did not provide the services and things associated with the service before and on June 6, 1995?

a. No.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "L. Vincent Williams", written over a horizontal line.

L. Vincent Williams


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Certificate of Service

I hereby certify that a true and correct copy of the foregoing Document has been mailed postage prepaid to the parties listed below this 27<sup>th</sup> day of November, 1999.

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A handwritten signature in black ink, appearing to read 'L. Vincent Williams', written over a horizontal line.

L. Vincent Williams